

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Complaint of DSCI Corporation)	
For Declaratory Orders to Ensure)	Docket No. 05-28
Verizon-Massachusetts Compliance)	
With Resale Obligations with Respect)	
To Customer Specific Pricing Contracts)	

DIRECT TESTIMONY

OF CAROLYN B. JUSSAUME ON BEHALF OF VERIZON MASSACHUSETTS

June 21, 2005

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	THE COMMONWEALTH PROCUREMENT PROCESS	2

EXHIBITS:

Exhibit 1: State Procurement Regulations

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS
3 ADDRESS.

4
5 A. My name is Carolyn B. Jussaume. I am a Corporate Account Manager for
6 Enterprise Business Customers for Verizon New England Inc., d/b/a Verizon
7 Massachusetts (“Verizon”). In that capacity, I am responsible for managing
8 various aspects of Verizon’s business relationship with the Commonwealth of
9 Massachusetts (“Commonwealth”, “COMA” or “State”), including responding to
10 the Commonwealth’s requests for rates (also referred to as request RFRs),
11 facilitating the negotiation of contract terms, conditions, and services to be
12 provided by Verizon to the Commonwealth, and facilitating the resolution of any
13 disputes regarding those contracts. My business address is 185 Franklin Street,
14 16th Floor, Boston, Massachusetts.

15 Q. PLEASE DESCRIBE YOUR EDUCATION AND WORK EXPERIENCE.

16 A. I have been employed by Verizon or by its affiliates and predecessor companies
17 since 1998. Prior to 1998, when I assumed my current position of Corporate
18 Account Manager, I worked as an Account Manager, Senior Account Executive, and
19 Account Executive for BellSouth in Louisiana. During that time I worked with a
20 number of different customer groups including the United States Navy, local
21 governments, hospitals, banks, and other commercial accounts. I received my
22 Bachelor of Arts degree in English from the College of the Holy Cross in 1988 and a
23 Masters in Business Administration from Tulane University in 1997.

24 Q. MS. JUSSAUME, WHAT IS THE PURPOSE OF YOUR TESTIMONY IN

1 **THIS PROCEEDING?**

2
3 A. The purpose of my testimony is to describe the unique competitive circumstances
4 which apply to telecommunications carriers, like Verizon, that provide
5 telecommunications services to the Commonwealth of Massachusetts. In particular,
6 my testimony addresses the state-mandated competitive bidding requirements
7 applicable to every telecommunications provider that seeks to provide services to the
8 Commonwealth, and the impact of that process on the agreements between Verizon
9 and the Commonwealth under the Customer 38 CSP (ITT09) (described at DTE MA
10 Tariff No. 12, Part E, Section 2.38) and Commonwealth of Massachusetts FPO
11 (ITT18) (described at DTE MA Tariff No. 12, Part A, Section 4.8), and on the
12 contract management process, generally. For ease of reference, in the remainder of
13 my testimony I will refer to both of these contracts as “CSPs.”

14 **II. THE COMMONWEALTH PROCUREMENT PROCESS**

15
16 **Q. PLEASE DESCRIBE THE COMPETITIVE BIDDING PROCESS**
17 **APPLICABLE TO CARRIERS SEEKING TO PROVIDE SERVICES TO**
18 **THE COMMONWEALTH.**

19
20 A. A telecommunications carrier that seeks to provide services to the Commonwealth
21 must comply with the State Procurement Regulations found at 801 CMR 21.00, *et*
22 *seq.* (“State Procurement Regulations”). These regulations provide the overall
23 process by which contractual relationships for services to be provided to the
24 Commonwealth are formed. A copy of those regulations is attached as Exhibit 1 to
25 my testimony.

26 Section 21.06 of the State Procurement Regulations requires, subject to
27 certain exceptions (identified at 801 CMR 21.05), that all state contracts for

1 “Commodities or Services” be competitively bid. As a general matter, when the
2 Commonwealth seeks to procure particular services, it issues a “Request for
3 Response” (“RFR”) which is published on the Commonwealth’s procurement
4 website www.comm-pass.com. Any qualified bidders (*i.e.*, telecommunications
5 providers that propose to enter into a contract with the Commonwealth to provide
6 requested telecommunications services) may respond to the RFR. The Operational
7 Services Division (“OSD”) is the agency within the Executive Office for
8 Administration and Finance that serves as the primary procuring department which
9 establishes statewide contracts in Massachusetts from which Commonwealth
10 agencies and other eligible entities may purchase services. In addition to leading the
11 Procurement Management Team (“PMT”) and issuing the RFR, the OSD may also
12 issue a “Request for Information or Interest” (“RFI”) to potential bidders, other
13 departments, or other interested parties, for purposes of gathering information to
14 assist it in preparing an RFR, such as technical and business advice concerning
15 industry standards and practices, general cost or price structures, or other
16 information relevant to the type of services the state seeks to procure (*See* 801 CMR
17 21.03). An RFR is often a substantial and detailed document identifying the
18 particular services the Commonwealth and its eligible entities may wish to purchase
19 immediately or in the future, as well as the terms and conditions on which it seeks to
20 obtain those services. A detailed description of the steps a company must follow
21 and the forms it must complete to pursue business under the Commonwealth’s
22 procurement process can be found in The Commonwealth of Massachusetts
23 Procurement Policies and Procedures Handbook. That document is voluminous and

1 can be found on the Commonwealth's website at www.comm-pass.com.

2 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF SEAN**
3 **DANDLEY FILED IN THIS CASE ON MAY 26, 2005?**

4 A. Yes.

5 **Q. WERE THE COMA AND CUSTOMER 38 CONTRACTS REFERRED TO**
6 **BY MR. DANDLEY IN HIS TESTIMONY AT (3-8) THE PRODUCT OF**
7 **THE STATE PROCUREMENT PROCESS REFERENCED ABOVE?**

8 A. Yes. Both those statewide contracts were subject to the State Procurement
9 Regulations and are the product of Verizon's successful bid in response to OSD's
10 RFR for the telecommunications services provided in those contracts.

11 **Q. ARE THE TERMS AND CONDITIONS OF SERVICE SET FORTH IN**
12 **THE COMMONWEALTH'S RFR NEGOTIABLE?**

13 A. While certain terms and conditions are negotiable, some are not. For
14 example, in addition to any terms and conditions ultimately agreed to between the
15 Commonwealth and a successful bidder as a result of the RFR, the Commonwealth
16 requires that all service providers execute a "Standard Contract Form" and a
17 "Commonwealth Terms and Conditions." These documents contain terms that
18 purport to override any contrary agreed upon terms. Moreover, the Commonwealth
19 may expressly provide in the RFR that if a bidder fails to meet certain specified
20 terms and conditions, they are subject to disqualification from participation in the
21 bid.

22 **Q. WHAT HAPPENS AFTER THE COMMONWEALTH ISSUES THE RFR?**

23 A. In response to the RFR, and within the time frames set out in the RFR, interested
24 bidders must submit responses to the specific requests in the RFR. Often the
25 Commonwealth will issue further requests to bidders that have responded to the

1 RFR to obtain clarification of a bidder's responses and, ultimately, to establish
2 agreement between the Commonwealth and the bidders with respect to particular
3 terms and conditions that will become a part of the contract following a successful
4 bid. Once the Commonwealth selects a service provider (or multiple providers)
5 from among those who responded to the RFR, the parties enter into a "contract"
6 that reflects the terms of the parties' agreement.

7 **Q. IS THE CONTRACT SIMILAR TO THOSE VERIZON ENTERS INTO**
8 **WITH ITS COMMERCIAL CUSTOMERS?**

9 A. No. Unlike Verizon's other contracts with its large commercial customers, which
10 are often very brief (and more consistent with what one expects to see in a contract),
11 contracts arising out of the state procurement process are often voluminous and
12 consist of various elements pulled together from various phases of the State
13 Procurement Process. In addition to the Standard Contract Form and
14 Commonwealth Terms and Conditions, the contract generally consists of: (1) the
15 RFR, with applicable attachments, (2) the selected bidder's response including any
16 negotiated items and additional conditions. (See Procurement Policies and
17 Procedures Handbook at 87). Contracts with the Commonwealth are what may best
18 be described as large "living" documents, with many components that change over
19 time. As a result, administering those contracts require the dedicated attention of
20 numerous Verizon and OSD personnel.

1 **Q. ARE THERE OTHER SIGNIFICANT DIFFERENCES BETWEEN**
2 **VERIZON’S CONTRACTS WITH THE COMMONWEALTH AND**
3 **THOSE OF ITS OTHER COMMERCIAL CUSTOMERS?**

4 A. Yes. Carriers providing service to the Commonwealth are required to make those
5 services available not only to the Commonwealth, but to a substantial number of
6 other “eligible entities” that would not, by themselves, be eligible to purchase such
7 services at such rates. These eligible entities include, but are not limited to:

- 8 • Cities, towns, districts, counties and other political subdivisions
- 9 • Executive, Legislative and Judicial Branches, including all departments and
10 elected offices therein (including the DTE)
- 11 • Independent public authorities, commissions, and quasi public agencies
- 12 • Local public libraries, public school districts, and charter schools
- 13 • Public hospitals owned by the Commonwealth
- 14 • Public institutions of higher education
- 15 • Public purchasing cooperatives
- 16 • Non-profit, UFR-certified organizations that are doing business with the
17 Commonwealth (Uniform Financial Statements and Independent Auditor's
18 Report)
- 19 • Other states and territories with no prior approval by the State Purchasing
20 Agent required
- 21 • Other entities when designated in writing by the State Purchasing Agent.

22 A current list of “eligible entities” identified by OSD can be found at www.mass.gov
23 on the OSD page under “Buying from a Contract”.

1 **Q. WHAT, IF ANY, IMPACT DO THE ABOVE DESCRIBED**
2 **PROCUREMENT PROCEDURES HAVE ON THE CONTRACT TERMS**
3 **VERIZON OFFERS TO THE COMMONWEALTH?**
4

5 A. The Commonwealth is a large and valuable customer to Verizon and other carriers
6 that currently provide services to the Commonwealth. Moreover, the
7 Commonwealth's legal ability to procure services not only on behalf of itself, but
8 also on behalf of numerous other "eligible entities" that would not be able to obtain
9 the favorable pricing, terms and conditions that a entity of the size of the
10 Commonwealth would warrant, uniquely positions it among the customers Verizon
11 serves in Massachusetts. The rates for many of the services provided under the
12 Customer 38 and COMA CSPs (ITT09 and ITT18) are the lowest offered to any
13 commercial customer in the state given its terms and conditions (*i.e.*, the absence of
14 any termination liability). The pricing terms and conditions were developed in
15 response to the unique position held by the Commonwealth as a result of the above
16 described factors. Moreover, those contracts were entered into with the
17 understanding that the class of customers that Verizon would be required to serve
18 under the terms of those agreements would be limited to the Commonwealth itself
19 and other "eligible entities."

20 If we are not able to respond to the Commonwealth's requirements without
21 effectively lowering the "tariff rate" for all Massachusetts commercial customers
22 (which would be the effect of DSCI's proposed resale of the COMA and Customer
23 38 CSPs to "non-eligible entities"), it is my belief that we will not be able to offer
24 the Commonwealth on future contracts the same favorable rates and terms as we do
25 today.

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2

3 **A. Yes.**